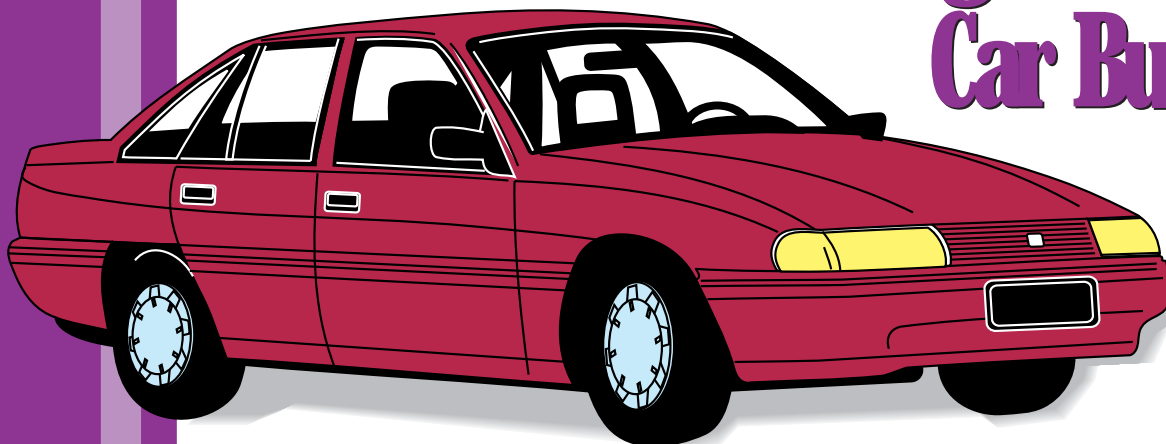


The Legal Side of Car Buying



THE sale of a car between soldiers or family members is common both overseas and in the United States. But what is normally a routine transaction has in some cases proven to be a burden to buyers, due to their failure to recognize the difference between a title and registration of an automobile.

Title vs. Registration

A title is normally the document that establishes who owns the vehicle. Registration is the act and authority granted by a state to operate a motor vehicle on its highways. The process is completed with the issuance of a license plate that provides a means of identifying the car's owner.

In many instances registration also indicates that the vehicle is properly covered by liability insurance, has passed a state safety inspection and that applicable state taxes have been paid.

Early in the history of vehicle registration, state departments of motor vehicles simply accepted registration applications, issued license plates and renewed them annually for a fee.

Determining rightful ownership was not a DMV responsibility. The vehicle being registered might have been stolen, or the person applying for the registration might have provided false vehicle identification numbers.

The existence of persons holding liens on the vehicle was often ignored and could only be determined by visiting a county recorder's office to research the files — providing the buyer even knew which county and state to check.

The growing theft and transport of autos to other

states further complicated vehicle tracking, and innocent buyers had little certainty of the automobile's prior title history.

To curtail auto thefts and preclude states from unwittingly participating in the cover-ups created by issuing new registrations, states began to require proof of ownership incident to the registration of an automobile. This means that a state DMV now certifies and declares who the vehicle's rightful owner is by issuing a title certificate as part of the vehicle-registration process.

So What's the Problem?

Simply put, some buyers and sellers are not meeting the requirements for legal title transfers recognized by state DMVs.

Often this problem starts overseas, with multiple purchases and sales conducted without title transfers and notarized bills of sale, which precludes the issuance of a new title by a state DMV.

Typical is the purchase of a used vehicle in Germany, with the auto then later being shipped to the United States. The problem also involves overseas dealers who sometimes sell new vehicles without providing notarized bills of sale.

Similarly, many purchasers of

Steven Chucala is chief of client services in the Office of the Staff Judge Advocate at Fort Belvoir, Va.

used vehicles believe that simple receipt of the existing title or registration form constitutes a valid transfer of title. Many states do not recognize such a transfer unless it is supported by a notarized bill of sale.

Additionally, most states require the registered owner to tear off a section of the auto registration and mail it to the state capitol to remove themselves from computer records after the vehicle is sold, traded or junked.

Lacking a notarized bill of sale, a DMV may elect to register the vehicle and issue license plates but not issue a new title certificate. This perpetuates the problem during the next resale, since future buyers will not accept an untitled motor vehicle.

Proper Titles

A proper title has an impact beyond a vehicle's sale, including its shipment overseas and ultimate disposition. Buyers will insist on receiving a title certificate, since it indicates if there are any lien holders on the car and alerts the buyer that a loan remains unsatisfied, that the vehicle is subject to repossession and sale, and that special permission will be required to ship it overseas.

To avoid the pitfall of being the "owner" but not having a state-approved title to a vehicle, be sure to complete the purchase process by having the seller execute a notarized bill of sale.

The buyer should also verify the transfer with the existing state of registration and have a new title and registration issued by either the buyer's state of legal

residence or the host state in which the buyer is serving.

Your servicing legal assistance office should be able to provide a blank bill of sale to accomplish the sale with notarization. If in doubt, consult with your legal assistance attorney.

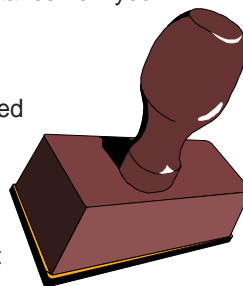
The minimum information needed to execute a bill of sale includes: the vehicle identification number, mileage, names of the seller and buyer, and sales price. You must also provide your Uniformed Services Identification Card when requesting assistance from your legal office.

Tax Issues

Another question for married people in regard to the title is, "Whose name should appear on the title and registration?" Under most circumstances, legal advisers would suggest that married couples register the automobile in both names.

However, this has led to problems for couples serving in states that have personal property taxation and where both owners are not on active duty with the armed forces.

If a married soldier is likely to serve in a state that has personal property taxation, tax advisers recommended that the vehicle be titled and registered exclusively in the name of the active-duty soldier, to preserve the tax immunity afforded by the Soldiers' and Sailors' Civil Relief Act. The same advice applies to owners of recreational vehicles and boats.



TAXES

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF MOTOR VEHICLES

CERTIFICATE OF TITLE FOR A VEHICLE
KEEP IN SAFE PLACE—ANY ALTERATION OR ERASURE VOIDS THIS TITLE

THIS CERTIFICATE OF TITLE FOR VEHICLES COMPLETING THEIR VIRGINIA REGISTRATION MUST BE RETURNED TO THE DEPARTMENT OF MOTOR VEHICLES TO BE REISSUED. THE VEHICLE IDENTIFICATION NUMBER (VIN) MUST BE RECORDED IN THE PUBLIC RECORDS OF THE COMMONWEALTH OF VIRGINIA. THE DEPARTMENT OF MOTOR VEHICLES WILL NOT REISSUE A TITLE FOR A VEHICLE IF THE VIN IS NOT RECORDED IN THE PUBLIC RECORDS OF THE COMMONWEALTH OF VIRGINIA. THE DEPARTMENT OF MOTOR VEHICLES WILL NOT REISSUE A TITLE FOR A VEHICLE IF THE VIN IS NOT RECORDED IN THE PUBLIC RECORDS OF THE COMMONWEALTH OF VIRGINIA. THE DEPARTMENT OF MOTOR VEHICLES WILL NOT REISSUE A TITLE FOR A VEHICLE IF THE VIN IS NOT RECORDED IN THE PUBLIC RECORDS OF THE COMMONWEALTH OF VIRGINIA.

VEHICLE IDENTIFICATION NUMBER (VIN)	YEAR	MAKE	MODEL	VEHICLE TYPE
1H4FJ1F18B15785	90	FORD	BRONCO	SUV

REGISTRATION	SALES TAX	TRANSFER TAX	SALES TAX
19.00	22.50	1.00	1.00

SALES TAX: 22.50
TRANSFER TAX: 1.00
SALES TAX: 1.00

OWNER: ROBERT A. HOPKINS
1900 GARDNER DR
ALEXANDRIA VA 22309

DATE: 11/15/93
TIME: 11:15 AM
OFFICE: 77777777

